



*Aspiring to be...*

*"OUR CLIENTS' MOST TRUSTED AND CONSULTED ADVISOR*

*(Second of two parts)*

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**Is your Architectural or Engineering firm attaining utilization between 67 and 72 percent? If not, read on.**

Since leadership clearly starts at the top, employers should take employee performance evaluations to the next level.

In today's economy, any top leaders that possess utilization rates of sixty percent or less, who do not have significant management responsibilities, should not remain a top executive at the company. It is extremely important that the firm leaders practice what they preach.



**M. Scott Hursh**

Companies should consider the many ways to generate an increased workload. It is no secret that busy times are accompanied by increased chargeability. A great way to bolster customer service as well as chargeability is to create shorter deadlines. Compressing schedules will help eliminate multiple unnecessary touches on jobs and in turn reduce non-essential effort on tasks. Billable work will become more efficient and utilization and realization will increase.

Overtime should be eliminated for all employees unless it is for crucial billable work. Eliminating non-billable overtime and allowing only employees who have billable work the extra hours will improve utilization. If this is not enough, consider cutting admin staff to four-day work weeks. In place of the administration staff, project managers should try to take over some of the project administration responsibilities. This should create more billable hours on any given job.

Make staff charge time to projects. By reducing the non-billable categories on your company's time card, employees should be forced to become billable. If a company's utilization rate only maximizes at sixty percent, they should consider increasing billing rates. This is necessary in order to recover all of the additional costs associated with non-chargeable time. Doubling billing rates can suddenly make a sixty percent utilization look good. Of course, this is said "tongue in cheek" since we all know you can't just arbitrarily increase rates.

The ideas expressed in this two-part series make extremely good management sense. If only a couple of the ideas mentioned in these articles are implemented, companies

should be on the way to better efficiency, improved utilization, becoming more profitable, and surviving the current economic climate.

**Review "Utilization - Part One"**

*If you have any questions about your firm's utilization or would like to discuss how Stambaugh Ness can help you navigate the maze of FAR, please contact me at 717-757-6999/800-745-8233 or email me at [shursh@stambaughness.com](mailto:shursh@stambaughness.com).*

*You can also find out more about the background and services offered by Stambaugh Ness by visiting the [AEC section of our website](#).*

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**\*Certified Construction Industry Financial Professional**